SC Department of Disabilities and Special Needs

Systems in Change

March 20, 2014

Commission Work Session

SC Department of Disabilities and Special Needs

- New approaches and requirements by Medicaid at the federal and state level are necessitating significant changes with the SC DDSN system.

- Many of these new approaches and changes require an examination of multiple systems and business processes.

SC Department of Disabilities and Special Needs

- While reviewing all of the elements of change affecting the statewide system, DDSN is committed to keeping the consumers and families first.

- The agency will make every effort to ensure that changes do not negatively affect families and that all essential needs are met.

Changes Impacting DDSN's Statewide System

CMS Home & Community Based Settings New Final Rule

Center for Medicaid/Medicare Services
Home and Community Based Settings
New Final Rule

Effective March 17, 2014

HCBS NEW FINAL RULE

- New Home and Community-Based Setting (HCBS) Final Rule applies across multiple populations:
  - Intellectually Disabled/Related Disability
  - Autism
  - Mentally Ill
  - Elderly
- The ID/RD and Autism populations are at the heart of the new rule and will likely be the focus of follow up action from CMS and DOJ.

HCBS NEW FINAL RULE - CONTINUED

- Changes the definition of community inclusion for all Medicaid waiver services

- Previously the rule focused on residential settings, where the person lived. Are they integrated into the community?

- The new rule looks at not only where a person lives, but where, how, and with whom they spend their day.

HCBS NEW FINAL RULE - CONTINUED

- The new rule requirements establish an outcome oriented definition that focuses on the nature and quality of individuals' experiences .

- The requirements maximize opportunities for individuals to have access to the benefits of community living and the opportunity to receive services in the most integrated setting .

HCBS NEW FINAL RULE - CONTINUED

- The new final rule establishes:
  - Mandatory requirements for the qualities of home and community-based settings
  - Settings that are not home and community-based
  - Settings presumed not to be home and community-based
  - State compliance and transition requirements

HCBS NEW FINAL RULE - CONTINUED

- The home and community-based setting:
  - Is integrated in and supports access to the greater community
  - Provides opportunities to seek employment and work in competitive integrated settings, engage in community life, and control personal resources
  - Ensures the individual receives services in the community to the same degree of access as individuals not receiving Medicaid home and community-based services

HCBS NEW FINAL RULE - CONTINUED

- The home and community-based setting (continued):
  - Is selected by the individual from among setting options, including non-disability specific settings and an option for a private unit in a residential setting
  - Person-centered service plans document the options based on the individual's needs, preferences, and for residential settings, the individual's resources

HCBS NEW FINAL RULE - CONTINUED

- The home and community-based setting (continued):
  - Ensures an individual's rights of privacy, dignity, respect, and freedom from coercion and restraint
  - Optimizes individual initiative, autonomy, and independence in making life choices
  - Facilitates individual choice regarding services and supports, and who provides them

HCBS NEW FINAL RULE - CONTINUED

- Additional requirements:
  - Specific unit/dwelling is owned, rented, or occupied under legally enforceable agreement
  - Same responsibilities/protections from eviction as all tenants under landlord tenant law of state, county, city or other designated entity

HCBS NEW FINAL RULE – CONTINUED

- Additional requirements (continued):

  - If tenant laws do not apply, state ensures lease, residency agreement or other written agreement is in place providing protections to address eviction processes and appeals comparable to those provided under the jurisdiction's landlord tenant law
  - Each individual has privacy in their sleeping or living unit

Taken from www.cms.gov

HCBS NEW FINAL RULE - CONTINUED

- Additional requirements (continued):

  - Units have lockable entrance doors with the individual and appropriate staff having keys to doors as needed

  - Individuals sharing units have a choice of roommates

HCBS NEW FINAL RULE – CONTINUED

- Additional requirements (continued):
  - Individuals have the freedom to furnish and decorate their sleeping or living units within the lease or other agreement
  - Individuals have freedom and support to control their schedules and activities and have access to food any time
  - Individuals may have visitors at any time
  - Setting is physically accessible to the individual

HCBS NEW FINAL RULE - CONTINUED

- The new rule switches the burden of proof to each state to demonstrate that whatever models the state has in place are inclusive versus listing examples that are not.

  - This provides a lot of flexibility to states to develop various models that take into account specific local community dynamics.

  - But that flexibility makes it difficult to know for certain in advance exactly what will be approved and what will not.

HCBS NEW FINAL RULE – CONTINUED

- Settings presumed NOT TO BE home and community based:

  - Institution for mental diseases (IMD)
  - Intermediate care facility for individuals with intellectual disabilities (ICF/IID)
  - Nursing facility
  - Hospital

HCBS NEW FINAL RULE - CONTINUED

- Settings presumed NOT TO BE home and community based (continued):

  - Settings in a publicly or privately-owned facility providing inpatient treatment
  - Settings on grounds of, or adjacent to, a public institution
  - Settings with the effect of isolating individuals from the broader community of individuals not receiving Medicaid HCBS

HCBS NEW FINAL RULE – CONTINUED

- South Carolina Residential Settings
  - Some settings that may not meet the new rule:
    - Clusters of homes in close proximity
    - Homes located on the same campus or directly beside a day program or other large facility
    - Supported apartment settings where the apartments are clustered together and not interspersed within a larger complex of apartments.

HCBS NEW FINAL RULE - CONTINUED

- The Day Program structure that currently exists in the SC DDSN system is given as an example of something that is not community inclusive.

HCBS NEW FINAL RULE – CONTINUED

- What makes the current day program structure not community inclusive?

  - The fact that individuals go to a building to spend their entire day with other people who have a similar diagnosis as themselves.

  - People do almost the same thing everyday.

  - Individuals rarely see people that are not paid support staff

HCBS NEW FINAL RULE – CONTINUED

- What does CMS want the states to do?
  - Demonstrate that individuals lead individual lives
  - Individualize programming options
  - Increase employment opportunities

HCBS NEW FINAL RULE – CONTINUED

- What is the timeframe for implementation of the new final rule?
  - States have to submit a plan of compliance in no more than one year from March 17, 2014.
  - If a state submits a waiver renewal or amendment, the submission must include a plan for that waiver population, and a plan for the entire state must be submitted within 120 days.

HCBS NEW FINAL RULE - CONTINUED

- What is the timeframe for implementating the new final rule?
  - SC must submit a waiver renewal for the ID/RD and PDD waivers by end of September 2014.
  - Therefore, the plan for the entire state must be submitted before the end of December 2014.

HCBS NEW FINAL RULE - CONTINUED

- What is the timeframe for the new final rule?
  - CMS will allow states five years from submission of the plan to come into compliance for all populations.

Changes Impacting DDSN's Statewide System

CMS HCBS New Final Rule

DDSN No Longer the Medicaid Provider of Record
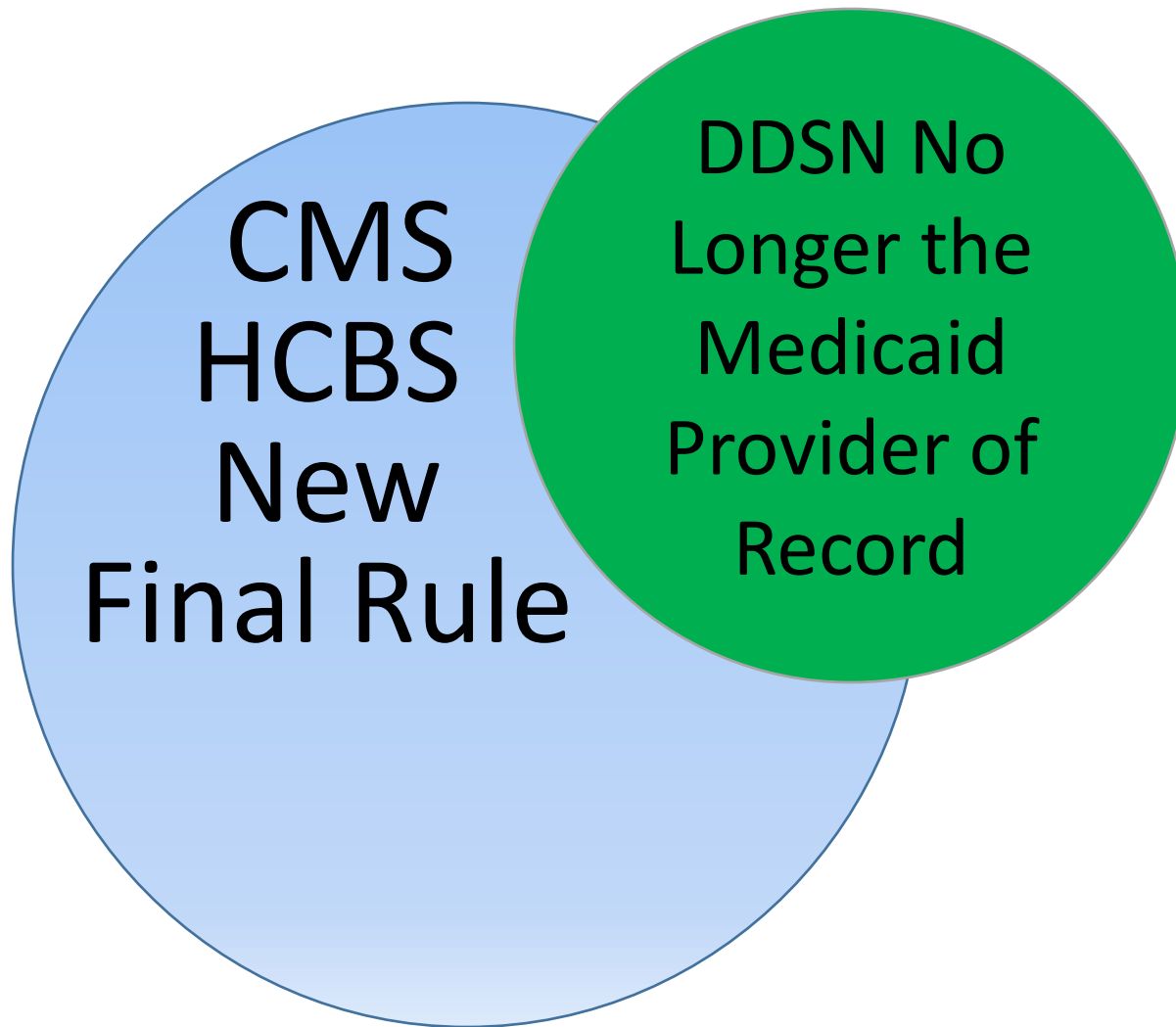
SC DDSN No Longer the Provider of Record for all Medicaid Services

- For almost 30 years, SC DDSN has been the provider of record for all Medicaid services for the populations served by the agency.

- This system of an Organized Health Care Delivery System has been accepted in the past by CMS with the support of SC DHHS (Medicaid agency).

SC DDSN No Longer the Provider of Record for all Medicaid Services -
continued

- The current Administration of SC's Medicaid agency does not support this organizational structure.

- Therefore, DDSN must now change how the agency's statewide delivery system is organized.

SC DDSN No Longer the Provider of Record for all Medicaid Services – continued

- DDSN's role will change.

- DDSN will continue to be the subject matter expert for DDSN's populations.

- DDSN will continue to operate the four waivers on behalf of DHHS.

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

- DDSN will continue to develop policy.
- DDSN will continue to monitor services.
- DDSN will continue to assure health and safety.
- DDSN will continue quality assurance role.

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

- The fact that DDSN will no longer be the provider of record requires the agency to re-examine all business processes.

SC DDSN No Longer the Provider of Record for all Medicaid Services–

continued

- Each function must be examined to determine which of three areas it falls into:

    1. Service

    2. Administrative

    3. Not Billable to Medicaid

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

1. Service

   - Billable to Medicaid at the service rate

   - 30 % state dollars and 70% federal dollars

   - DDSN has previously been able to bill all Medicaid services at the service rate because we were the provider of record.

   - DDSN will likely be able to only bill for some service functions in the future, such as ICF/IID.

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

2. Administrative

   - DDSN will enter into new administrative contracts with DHHS.

   - Administrative contracts are for the purpose of assisting with the administration of the Medicaid program.

   - Only those functions that assist with the administration of the Medicaid program can be included in an administrative contract.

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

2. Administrative - continued

- Billable to Medicaid at an administrative rate

- 50 % state dollars and 50 % federal dollars

- This is a reduction in federal dollars

- It will cost 20 % more state dollars to perform the same functions previously billed at the service rate

# SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

3. Not Billable to Medicaid

   - Functions the agency could previously bill to Medicaid as the Provider of Record that will no longer be billable to Medicaid at all

   - This means the agency will have to spend 100 % state dollars

   - Represents a loss of all federal funding, 70 % of revenue

SC DDSN No Longer the Provider of Record for all Medicaid Services– continued

- DDSN recognizes that business processes may need to be modified in response to funding changes.

- DHHS acknowledges the loss of federal dollars and has committed to provide additional state funds related to increased system transformation costs.

Changes Impacting DDSN's Statewide System

CMS HCBS Final Rule

DDSN No Longer Medicaid Provider of Record

Providers Direct Billing to Medicaid
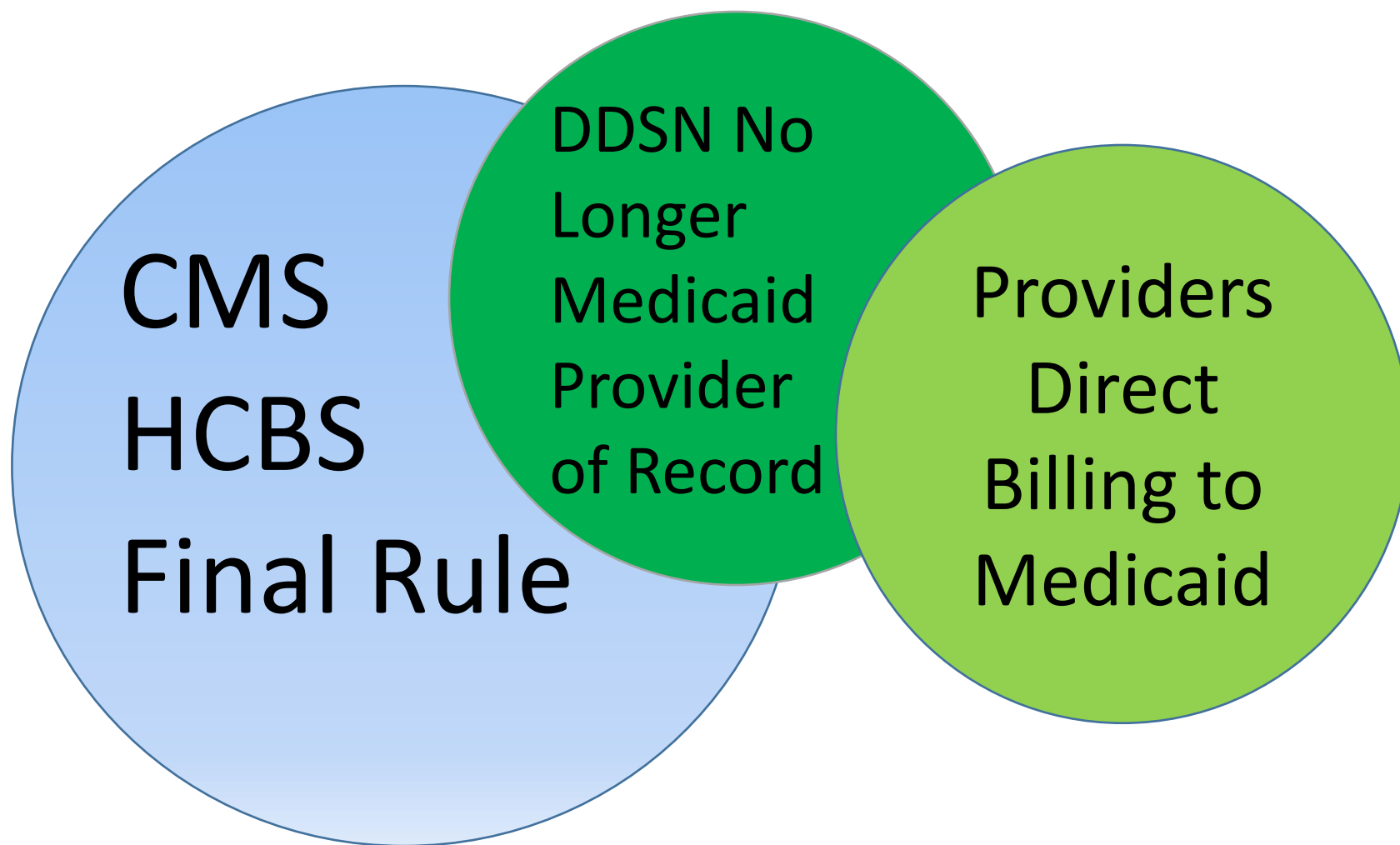
Providers Direct Billing to Medicaid

- A small number of DSN Boards are interested in direct billing to Medicaid as soon as possible.

- We anticipate this happening before July 1, 2014.

Providers Direct Billing to Medicaid - Continued

- Even though all providers are not interested in direct billing, the fact that some are requires a great deal of system changes and business process changes to accommodate them.

- DDSN may have a "hybrid" system either as part of the transition process or as a permanent option.

Providers Direct Billing to Medicaid – continued

- DHHS wants to "de-bundle" DDSN's current Band Payment system.

- This means breaking out each of the services within each band to have a rate per individual service instead of an overall bundled band rate.

Providers Direct Billing to Medicaid – continued

- SC DHHS hired Myers and Stauffer to review all of DDSN's cost structures and financial processes.

- The information being gleaned from this review will be used to set new rate structures.

- Once the band rates are broken out into individual service rates this may lead to the provider option of direct billing to Medicaid for all DDSN services.

- Medicaid Targeted Case Management (MTCM) will be the first service DDSN providers can directly bill to Medicaid.

- Waiver Case Management (WCM) will likely be the next direct billable service.

Providers Direct Billing to Medicaid - continued

- DDSN will be switching the payment structure to providers for MTCM starting May 1, 2014.
- Why ?
  - When Medicaid required the change to a 15 minute unit in January 2013 DDSN did not change how the agency paid providers.
  - DDSN continued to pay providers on a prospective per member per month unit.

Providers Direct Billing to Medicaid – continued

- Why ? (continued)
  - DHHS wants to expand MTCM to people previously considered to be in inactive service coordination (Level II).
  - DHHS has agreed to pay the increased costs for this expansion of services.
  - DHHS expressed concerns about DDSN changing its rates based on case load size.

Providers Direct Billing to Medicaid - continued

- Why ? (continued)
  - DDSN needs to change the payment structure to its providers to look like the payment structure of Medicaid to DDSN.
  - Changing to retrospective payment will eliminate this concern.
  - DHHS informed DDSN that the administrative components of MTCM are not included in the blended or eventual market based rate.

Providers Direct Billing to Medicaid - continued

- Moving to a retrospective 15 minute unit based payment.

- In the third week of April, DDSN will still pay providers the prospective monthly payment for MTCM for May 2014.

- Starting May 1st providers will be able to bill for people previously considered to be on inactive service coordination (Level II).

Providers Direct Billing to Medicaid - continued

- At the end of May 2014, DDSN will pay providers for the number of billable units they entered into CDSS for MTCM.

- This will basically mean providers will be paid twice for the month of May to ensure a smooth transition.

- At some point in the future, DDSN will settle with each provider on the total payment for fiscal accountability.

Providers Direct Billing to Medicaid - continued

- This overlap will protect providers from cash flow difficulties during the payment methodology transition.

- At first, this will be a monthly retrospective payment.

  - But DDSN wants to be able to pay providers retrospectively more frequently and will work to make this possible.

Providers Direct Billing to Medicaid - continued

- The rate paid to providers will be the same as the rate DDSN receives from Medicaid.

- DDSN administrative cost associated with this service is not included in the rate.

- For a short period of time providers have the opportunity to make more money in MTCM.

Providers Direct Billing to Medicaid - continued

- This potential will lessen as the rate decreases to the eventual market based rate in July 2016.

- The rate DDSN pays to providers will change as DHHS implements the blended rate structure.

Providers Direct Billing to Medicaid - continued

- The blended rate is currently a 25 % market based rate and 75 % previous cost based rate.

- On July 1, 2014 the rate will go to the 50 % market based and 50 % previous cost.

- On July 1, 2015 the rate will go to the 75 % market based and 25 % previous cost.

- On July 1, 2016 the rate will go to the full market based rate.

Changes Impacting DDSN's Statewide System
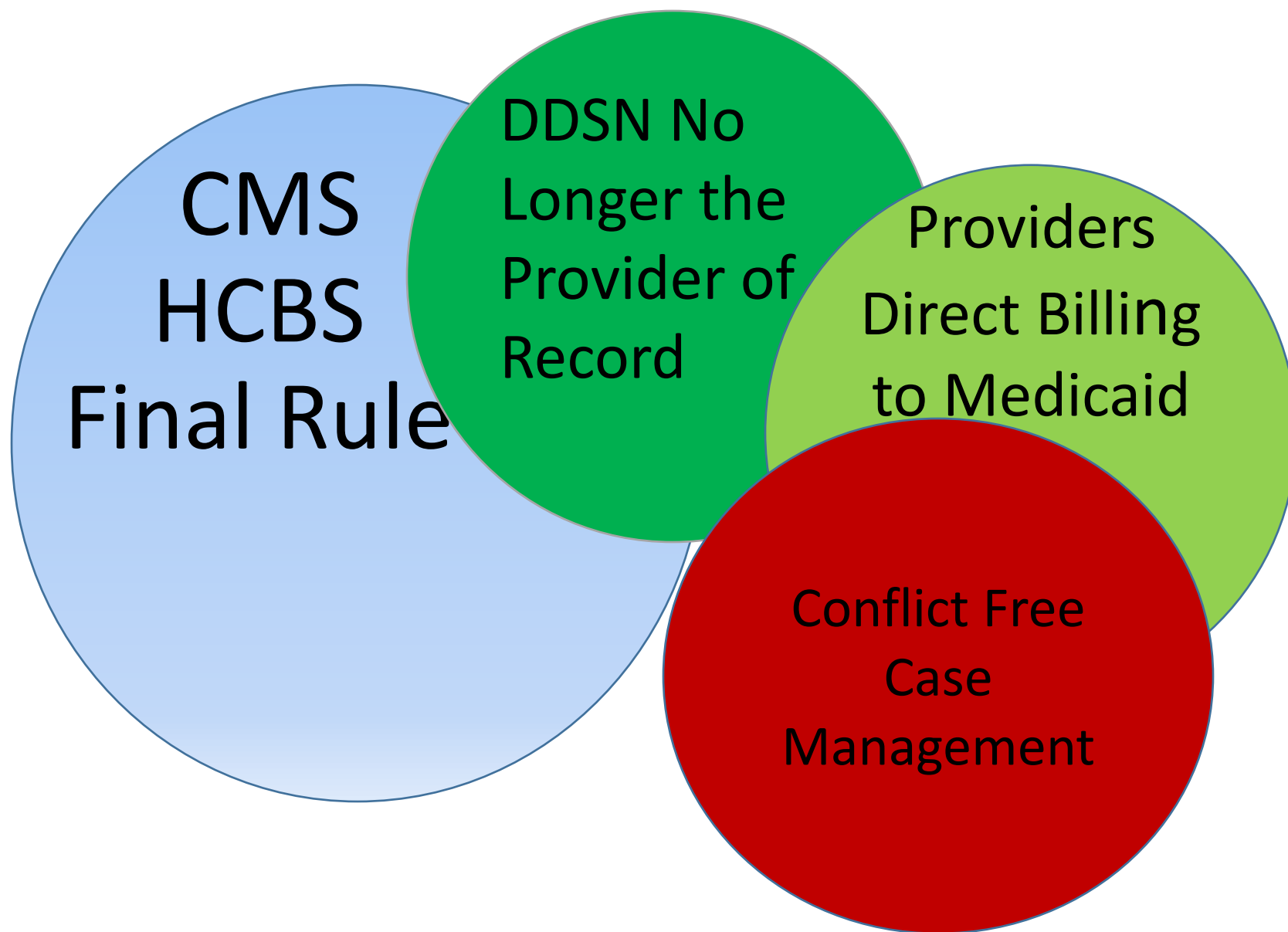
Conflict Free Case Management

- CMS is pushing states towards Conflict Free Case Management (CFCM).
- Right now, this is not an absolute requirement.
- CMS has clearly stated a desired preference for this.
  - For example, CFCM is a requirement in the new Balanced Incentive Program offered to states.

CFCM – Continued

- It would be prudent for South Carolina when making system changes to make changes consistent with this preferred direction.

- Several states have already changed their systems to implement CFCM.

- DDSN began implementing CFCM through its RFP for new Qualified Providers years ago.

CFCM - continued

- What is Conflict Free Case Management?

- CMS defines as:

  1. Clinical or non-financial eligibility determination is separated from direct service provision

  2. Case managers and evaluators of consumers need for services are not related to the individual, their paid caregivers, or anyone financially responsible for the individual

CFCM - continued

- What is Conflict Free Case Management? (continued)

  3. There is robust monitoring and oversight

  4. Clear, well-known and accessible pathways for consumers to submit grievances and/or appeals for assistance regarding concerns about choice, quality, eligibility determination, service provisions and outcomes

CFCM - continued

- What is Conflict Free Case Management? (continued)

   5. Grievances, complaints, appeal and resulting decision are adequately tracked, monitored and used.

   6. State quality management staff oversee clinical or non-financial program eligibility determination and service provision business practices to ensure that consumer choice and control are not compromised.

CFCM - continued

- What is Conflict Free Case Management? (continued)

    7. State quality management staff track and document consumer experiences with measures that capture the quality of care coordination and case management services

    8. In circumstances when one entity is responsible for providing case management and service delivery, appropriate safeguards and firewalls exist to mitigate risk of potential conflict

CFCM - continued

- What is Conflict Free Case Management? (continued)

  9. Meaningful stakeholder engagement strategies are implemented which include consumers, family members, advocates, providers, state leadership, and case management staff

CFCM – continued

- Again, CMS does not require Conflict Free Case Management at this time.
- However, this will likely become a requirement that is enforced at some future date.
- CMS is strongly encouraging states to move towards Conflict Free Case Management.
- When making system modifications, DDSN should continue its efforts to be consistent with this direction.

Changes Impacting DDSN's Statewide System
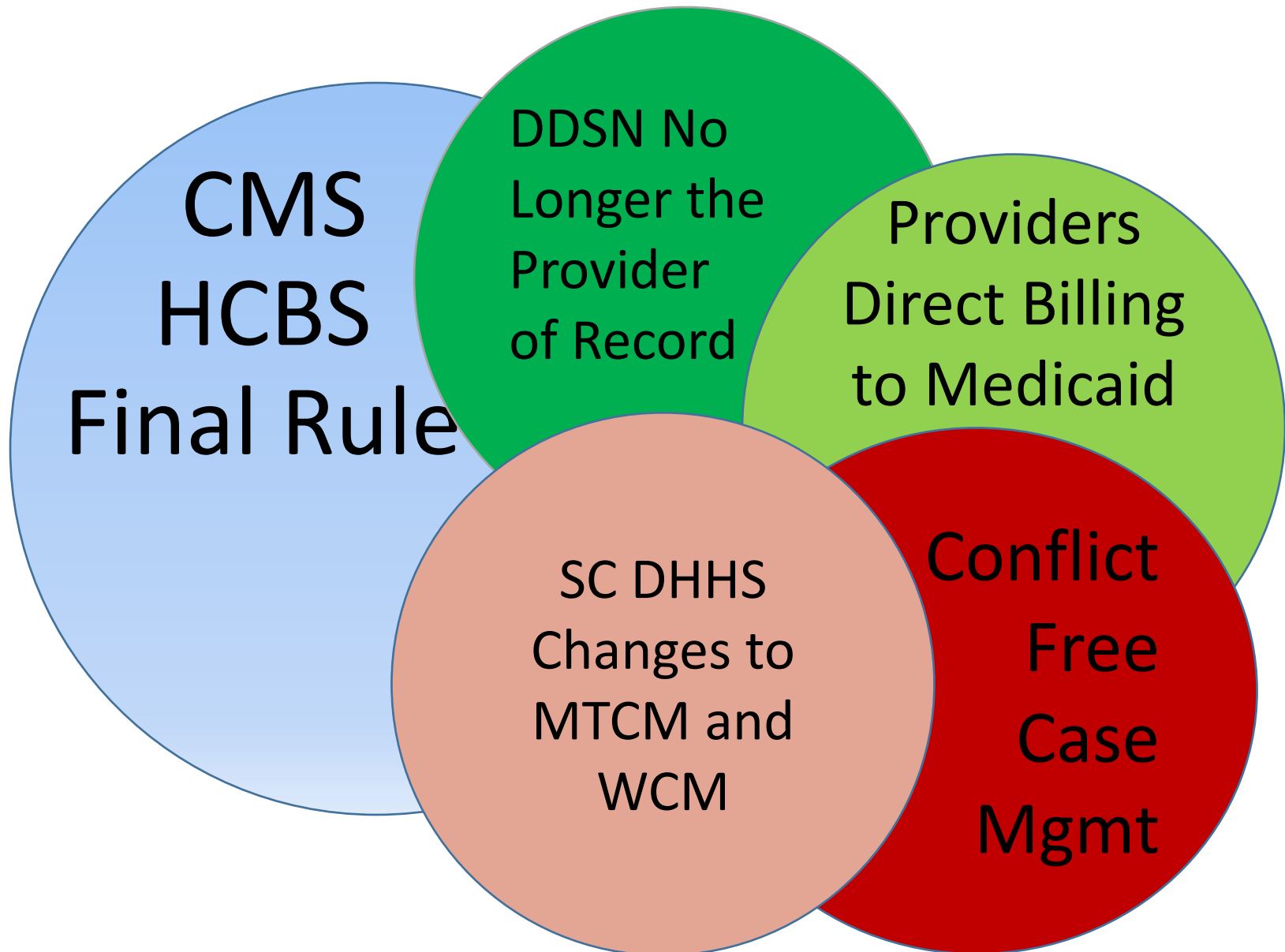
Medicaid Targeted Case Management (MTCM)

❑DHHS recent changes to MTCM are consistent with moving towards Conflict Free Case Management.

❑DHHS wanted to ensure that MTCM was limited to the four essential functions and was not used for other direct services.

❑For all other state agencies in SC there was no choice of providers for MTCM; it was only provided by state employees.

MTCM – continued

❑DHHS wanted to ensure a choice for individuals receiving MTCM.

❑DDSN was the only system that offered choice of case management providers through the RFP process encouraging enrollment of private providers.

❑Recent changes to MTCM will expand provider network statewide across all other populations (mental health, alcohol and drug, juvenile justice etc…)

MTCM – continued

❑DHHS becomes the choice point for MTCM.

❑Providers will no longer be required to go through DDSN's RFP process to provide MTCM to our targeted population groups.

❑Providers will be able to directly enroll with Medicaid to provide this service without any contact with the DDSN system.

MTCM – continued

❑The majority of DDSN's system has been built around case management and other functions performed by the service coordinator.

❑The service coordinator is at the center of many of the agency's business processes.

MTCM – continued

❑The separation of case management from the RFP and contract processes utilized by DDSN has significant business process implications.

❑ DDSN will no longer be able to rely on provider service coordinators to perform many essential aspects of our system.

❑Some examples include:
   ❖Intake for DDSN Eligibility Determination
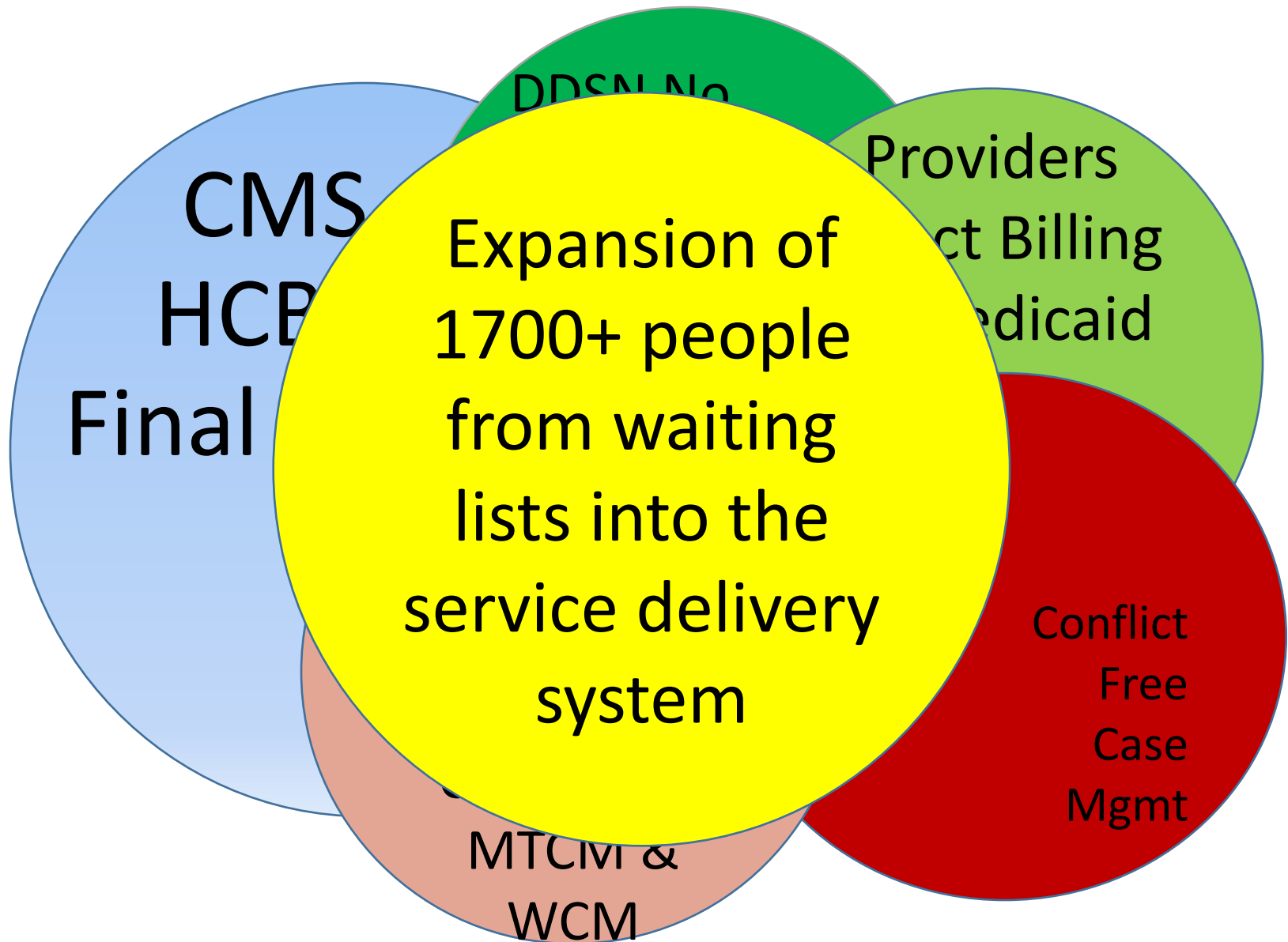   ❖Referral process for DDSN services

MTCM – continued

❑This also means that DDSN will need to develop mechanisms for other Case Managers who are not part of DDSN's statewide system to access DDSN's array of services.

❑This also means that the agency will likely have less ability to track and maintain information and quality measures on DDSN eligible individuals not in a waiver.

In the midst of all these system changes, DDSN will be implementing a major waiting list reduction effort.

Changes Impacting DDSN's Statewide System

CMS HCB Final

DDSN No

Providers ct Billing edicaid

Expansion of 1700+ people from waiting lists into the service delivery system

MTCM & WCM

Conflict Free Case Mgmt

Expansion of Services to Waiting List

- Head and Spinal Cord Injury (HASCI) Program
  - Currently expanding HASCI services to approximately 300 additional people currently on the waiting list.
  - This represents almost a 50 % increase in the total number of people served through this program.
  - Will include primarily in home supports, but may include limited residential expansion.

Expansion of Services to Waiting List – continued

- Intellectual Disability/Related Disability (ID/RD) and Community Supports (CS) Waivers
  - Starting July 2014 expanding ID/RD and CS services to approximately 1400 additional people.
  - This represents over a significant increase in the total number of people served through these programs.
  - Will include primarily in-home supports, and limited residential expansion as well.

Expansion of Services to Waiting List – continued

- THIS IS GREAT!
  - The appropriation of additional funds to move the waiting list represents a dedicated commitment on behalf of the Governor and General Assembly to people with disabilities.
  - This will offer significant relief to families who are in need of and waiting for services.

Expansion of Services to Waiting List – continued

- THIS IS GREAT, but carries some challenges.

  - It will require a significant staff effort to roll out such a high number of waiting list slots to new people in such a short period of time.

  - In order for all the necessary Medicaid enrollment activities to be completed, slots are allocated in manageable "batches."

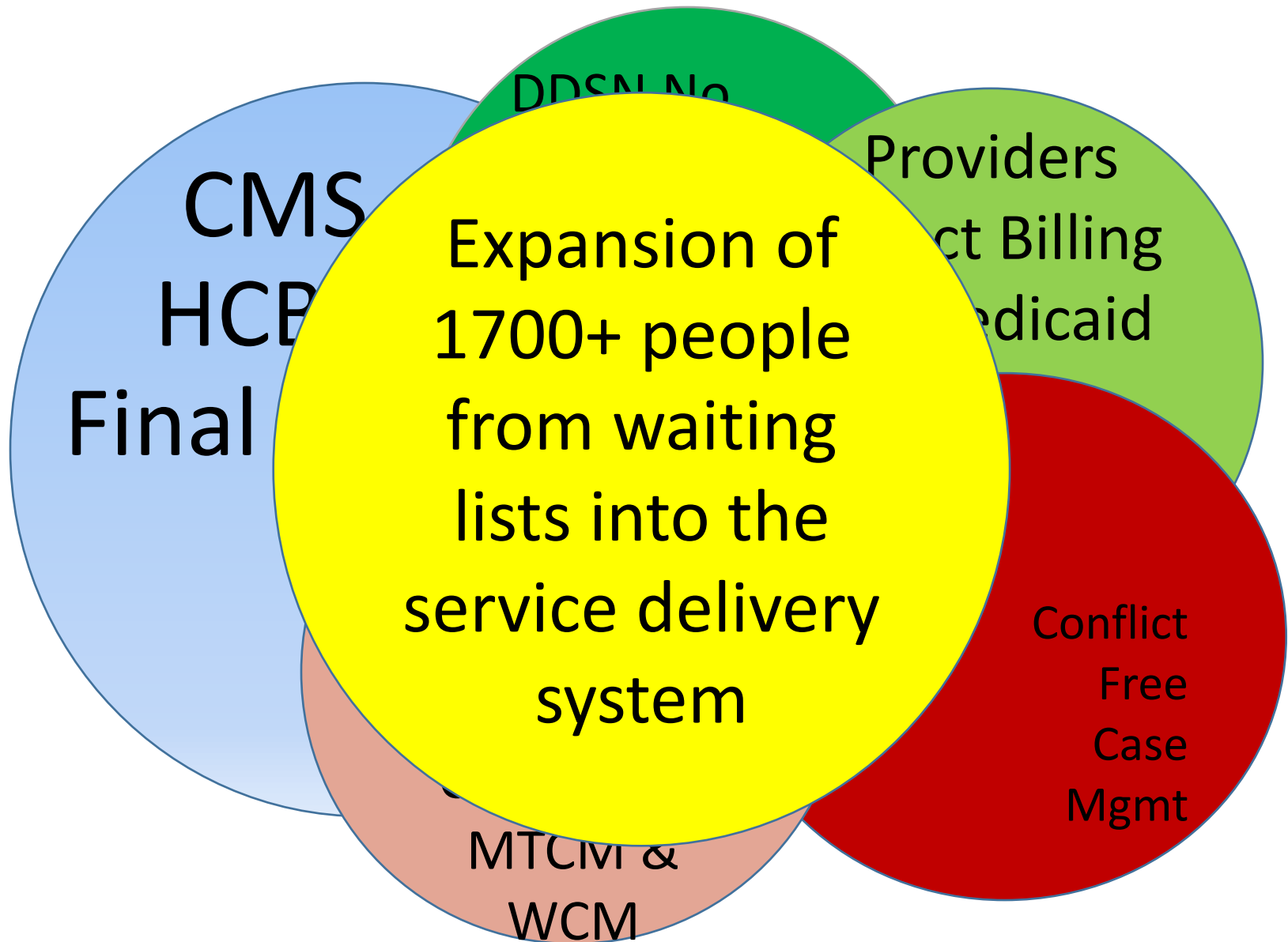# Expansion of Services to Waiting List – continued

- Some areas of the state still have capacity that can accommodate expansion to serve additional people.

- In other areas of the state where providers are at or near capacity, expansion needs to occur in such a way that it is consistent with the new Home and Community Based Settings Final Rule from CMS.

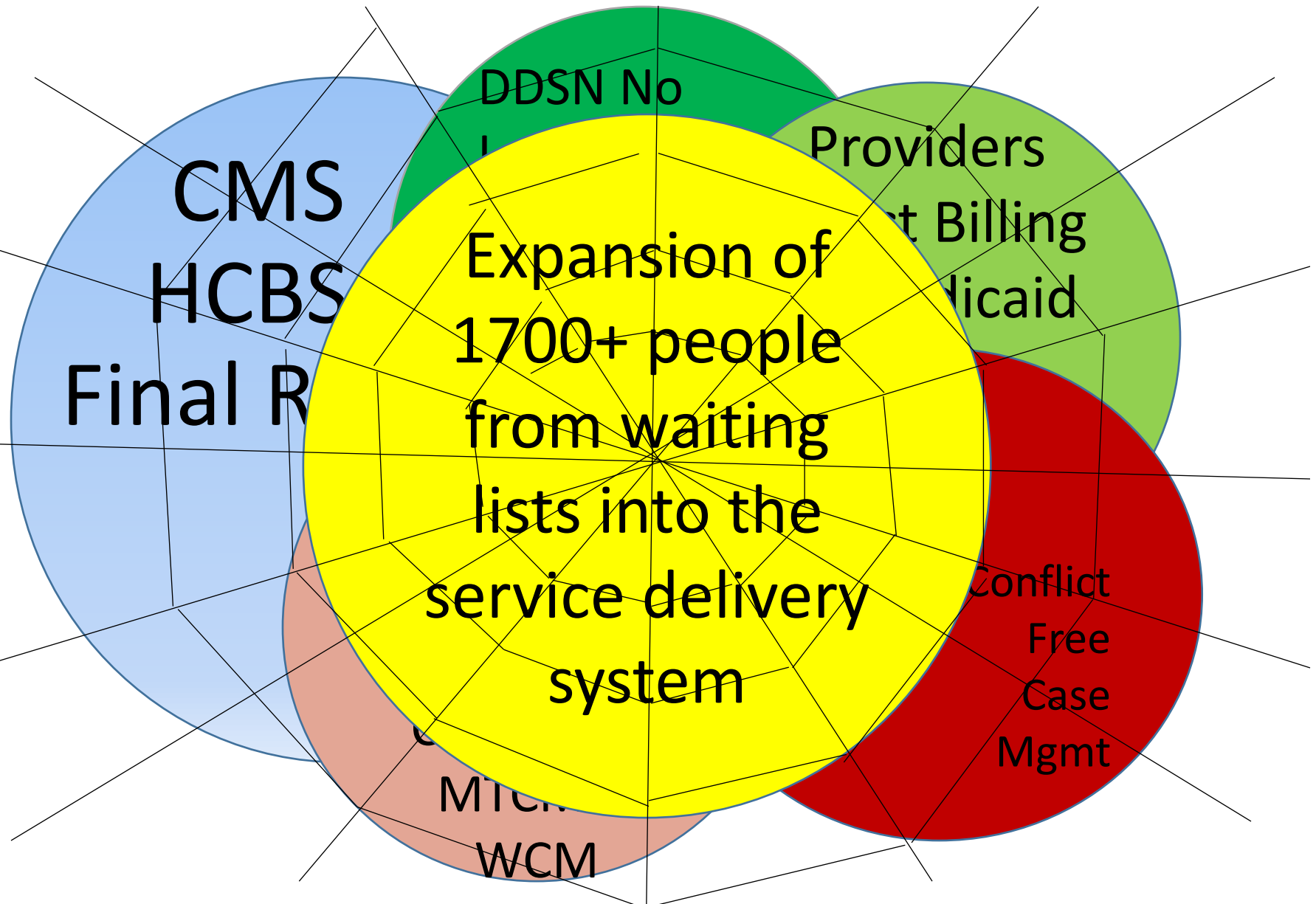# Expansion of Services to Waiting List – continued

- Should not develop more traditional work shop settings
- Need to look at targeted expansion that is consistent with community inclusion
- Expand employment opportunities

Changes Impacting DDSN's Statewide System

CMS HCB Final

DDSN No

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MTCM & WCM

Conflict Free Case Mgmt

Expansion of 1700+ people from waiting lists into the service delivery system

- Each of these circles of change requires examinations and possible modifications of DDSN's business processes.

- Think of a spider web overlapping all of these circles of change.

Changes Impacting DDSN's Statewide System

CMS HCBS Final R

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Conflict Free Case Mgmt

Expansion of 1700+ people from waiting lists into the service delivery system

MTCM WCM

- Each line of the spider web represents an individual DDSN business process.

- If you pull one of the lines of the web, it affects all of the other lines.

- Changing one business process often necessitates changing multiple processes that are affected by that one change.

Focusing on our Mission

- DDSN will continue to focus on what is most important: meeting the needs of the people we support.

- DDSN will continue to focus on individualized supports and services and increased community participation.

- DDSN is committed to working with self-advocates, families, providers, and other stakeholders to improve services though these system changes.